



---

**BOSTON GAS COMPANY**  
**d/b/a KeySpan Energy Delivery New England**

---

**M.D.T.E. No. 1225**

**Page 1 of 3**

---

**PENSION/PBOP RECONCILIATION ADJUSTMENT CLAUSE**

**RATE PRAF**

**Section**

- 1.01 Purpose
- 1.02 Applicability
- 1.03 Effective Date
- 1.04 Definitions
- 1.05 PRAF Formula
- 1.06 Information Required to be Filed with the Department
- 1.07 Customer Notification

**1.01 Purpose**

The purpose of the Pension/PBOP Reconciliation Adjustment Clause is to provide Boston Gas Company d/b/a/ KeySpan Energy Delivery New England ("Boston Gas" or the "Company") a mechanism to adjust, on an annual basis and subject to the jurisdiction of the Department of Telecommunications and Energy (the "Department"), its rates for customers of distribution service to recover costs associated with pension and post-retirement benefits other than pensions ("PBOPs") and to reconcile pension and PBOP expense amounts included in the Company's distribution rates with the total expense amounts booked by the Company pursuant to FAS 87 and FAS 106.

**1.02 Applicability**

This Pension/PBOP Reconciliation Adjustment Clause shall be applicable to Boston Gas and all firm gas, as measured in therms, delivered by the Company unless otherwise designated.

**1.03 Effective Date of Annual Adjustment Factor**

The date on which the annual Pension/PBOP Reconciliation Adjustment Factor ("PRAF") becomes effective shall be the first day of November of each year, unless otherwise ordered by the Department. The Company shall submit PRAF filings as outlined in Section 1.06 of this tariff at least 30 days before the filing is to take effect.

**1.04 Definitions**

The following terms shall be used in this tariff as defined in this section, unless the context requires otherwise.

---

Issued: April 16, 2003

Effective: May 1, 2003

Issued by: N. Stavropoulos, President  
52 Second Avenue, Waltham, MA

---

**BOSTON GAS COMPANY**  
**d/b/a KeySpan Energy Delivery New England**

**M.D.T.E. No. 1225**

**Page 2 of 3**

**PENSION/PBOP RECONCILIATION ADJUSTMENT CLAUSE**

**RATE PRAF**

- (1) "Distribution Company" or "Company" is Boston Gas Company.
- (2) "ERISA" is the Employee Information Retirement Income Security Act of 1974, as amended from time to time.
- (3) "Pension Plan" is a Qualified Pension Plan, as defined by ERISA.
- (4) "Post Retirement Plan Other Than Pension Plan" is a Qualified PBOP, as defined by ERISA.
- (5) "Pre-Paid Amount" is the difference between: (1) the actual cash contributions to the Pension Plan and the PBOP Plan and (2) the expense amounts recognized in accordance with FAS 87 and FAS 106
- (6) "Prior Year" is the calendar year previous to the effective date of a proposed PRAF.
- (7) "Reconciliation Deferral" is the difference between: (1) the total pension and PBOP expense amounts included in the Company's base rates; and (2) the total expense amounts booked by the Company in the Prior Year in accordance with the requirements of FAS 87 and FAS 106.

**1.05 Pension and PBOP Reconciliation Adjustment Factor Formula**

$$PRAF_x = (APDA + RA_x + cc (URD_x + APPA_x - DTA_x) + PPRA_x) / F_{therm_x}$$

- PRAF =** The annual Pension/PBOP Reconciliation Adjustment Factor.
- APDA =** The Accumulated PBOP Deferral Amortization is the amount of the Company's unamortized PBOP transition obligation outstanding on December 31, 2002, amortized over a ten year period. The APDA will be a fixed amount recovered over a ten-year period beginning on November 1, 2003 and ending on October 31, 2014.
- RA<sub>x</sub> =** The Reconciliation Adjustment for Year<sub>x</sub> is one-third of the Unamortized Reconciliation Deferral at the end of the Prior Year.
- cc =** The Cost of Capital is the tax-effected weighted-average cost of capital as most recently approved by the Department.
- URD<sub>x</sub> =** The Unamortized Reconciliation Deferral is the amount of the Reconciliation Deferral not yet included in distribution rates. At the beginning of Year<sub>x</sub> the Unamortized Reconciliation Deferral is the sum of: (1) the Unamortized

Issued: April 16, 2003

Effective: May 1, 2003

Issued by: N. Stavropoulos, President  
52 Second Avenue, Waltham, MA

---

**BOSTON GAS COMPANY**  
**d/b/a KeySpan Energy Delivery New England**

---

**M.D.T.E. No. 1225**

**Page 3 of 3**

---

**PENSION/PBOP RECONCILIATION ADJUSTMENT CLAUSE**

**RATE PRAF**

Reconciliation Deferral at the beginning of the Prior Year; plus (2) the Reconciliation Deferral for the Prior Year; minus (3) the Reconciliation Adjustment for the Prior Year.

$APPA_x =$  The Average Pre-Paid Amount, for Year<sub>x</sub> is one half of the sum of: (1) the Pre-Paid Amount recorded on the Company's books as of the beginning of the Prior Year; and (2) the Pre-Paid Amount recorded on the Company's books as of the end of the Prior Year.

$DTA_x =$  The Deferred Tax Amount is the deferred taxes associated with the Pre-Paid Amount and the URD at the end of the Prior Year.

$PPRA_x =$  The Past Period Reconciliation Amount is the difference between: (1) the amount of PRAF revenue that should have been collected in the Prior Year; and (2) the amount of PRAF revenue actually received by the Company in the Prior Year.

$F_{therm}_x =$  The Forecasted Therms is the forecasted amount of therms to be distributed to the Company's firm sales and transportation distribution customers for the upcoming calendar year.

**1.06 Information Required to be Filed with the Department**

Information pertaining to the Pension/PBOP Reconciliation Adjustment Factor shall be filed with the Department at least thirty (30) days before the date on which a new PRAF is to be effective. Additionally, the Company will file with the Department a complete list by (sub)account of all Pension and PBOP Plan accounts claimed as recoverable through the PRAF over the relevant calendar year. This information will be submitted with each annual PRAF filing, along with complete documentation of the reconciliation-adjustment calculations.

**1.07 Customer Notification**

The Company will notify customers in simple terms of changes to the PRAF, including the nature of the change and the manner in which the PRAF is applied to the bill. In the absence of a standard format, the Company will submit this notice for approval at the time of each PRAF filing. Upon approval by the Department, the Company must immediately distribute these notices to all of its distribution customers either through direct mail or with its bills.

---

Issued: April 16, 2003

Effective: May 1, 2003

Issued by: N. Stavropoulos, President  
52 Second Avenue, Waltham, MA

---